



# Ag Energy Alliance

*Representing agriculture as a producer and consumer of energy*

April 3, 2005

The Honorable Joe Barton  
Chairman  
House Energy and Commerce Committee  
2125 Rayburn House Office Building  
Washington, D. C. 20515

Dear Chairman Barton:

As the House Energy and Commerce Committee prepares to markup the Energy Policy Act of 2005, The Agriculture Energy Alliance requests that the Committee include legislative provisions that will mitigate the effect of high natural gas prices on American farmers. The Agriculture Energy Alliance represents a broad-based coalition of growers and agribusiness. Increased natural gas prices have already had an adverse effect on farmers due to higher production costs, and will continue to do so in the future if this problem is not addressed promptly.

The American farmer's ability to be efficient and environmentally friendly faces a looming crisis because of potential public policies that artificially create demand for certain energy resources, like natural gas, while restricting access to supply sources. The current natural gas crisis has two solutions – increase supply and reduce demand. Our Nation faces the daunting task of finding ways to balance the limited supply of, and rising demand for natural gas. The agricultural community can produce an abundant, affordable and healthy food supply, but we need federal agencies to produce the kind of policies that will enable access to the cost competitive resources needed to accomplish this.

The farm sector depends on significant use of natural gas for food processing, irrigation, crop drying, heating farm buildings and homes, and nitrogen fertilizer production. By far, the most intensive use of natural gas by the farm sector is in the production of nitrogen fertilizer, which is used on virtually every crop produced in this country. The food that we grow, consume and sell to the world depends on a ready supply of fertilizers like ammonia and urea, and diammonium phosphate. The agricultural community has become much more efficient in its use of energy resources. Since 1980, U.S. farmers have increased nitrogen use efficiency by 35 percent while boosting corn yields by 40 percent.

Additional natural gas supply is available from three primary sources: onshore and offshore production, and LNG. While there is considerable activity underway in each of these areas, federal agencies must be proactive in facilitating the timely development of these critical supply resources. We believe Congress should enact legislative changes to

provide sole and exclusive jurisdiction to the Federal Energy Regulatory Commission for LNG siting and permitting.

The Agriculture Energy Alliance urges Congress to act expeditiously to promote the development of domestic energy resources so important to a competitive agricultural sector. We urge Congress to enact a comprehensive energy policy now that provides an enhanced role for development of all energy resources for a more diverse portfolio and environmentally sensitive production of adequate domestic supplies of natural gas. We stand ready to work with you on these extremely important policies that are critical to U.S. farmers, agribusiness and consumers.

Sincerely,

Agribusiness Association of Iowa  
Agribusiness Council of Indiana  
Agricultural Council of California  
Agricultural Retailers Assn.  
American Farm Bureau Federation  
American Soybean Assn.  
CF Industries, Inc.  
CHS Inc.  
California League of Food Processors  
Far West Agribusiness Assn.  
GROWMARK, Inc  
Illinois Fertilizer & Chemical Assn.  
Indiana Grain & Feed Assn.  
Indiana Plant Food & Ag Chemicals Assn.  
Intermountain Farmers Assn.  
Land O' Lakes, Inc.  
Louisiana Ammonia Producers  
MFA Incorporated  
Minnesota Crop Production Retailers  
Assn.

Missouri Ag Industries Council, Inc.  
National Association of Wheat Growers  
National Barley Growers Assn.  
National Chicken Council  
National Corn Growers Assn.  
National Council of Farmer Cooperatives  
National Grange  
National Renderers Assn., Inc.  
National Sunflower Assn.  
National Turkey Federation  
Nebraska Agri-Business Assn. Inc.  
North Dakota Agricultural Association  
Oklahoma Agribusiness Retailers Assn.  
South Dakota Agri-Business Assn.  
Terra Industries Inc.  
Texas Ag Industries Assn.  
The Fertilizer Institute  
USA Rice Federation  
US Canola Assn.

Cc: Members House Energy and Commerce Committee  
House Ag Energy Users Caucus